



National Cattlemen's
Beef Association

September 15, 2017

The Honorable Roger Marshall, M.D.
United States House of Representatives
312 Cannon House Office Building
Washington, D.C. 20515

Dear Rep. Marshall:

The National Cattlemen's Beef Association (NCBA) supports legislation protecting unpaid sellers of livestock against buyer payment default. We urge you to consider introducing this legislation in the House of Representatives to amend the Packers & Stockyards Act to provide this protection. Stand-alone legislation is the quickest way to get these changes made.

Many cow/calf producers sell their cattle at local livestock auction markets where they are sold to the highest bidder. Through this system, cattle producers are provided financial protection against default through the Packers & Stockyards Act (P&S) via a custodial account funded by the auction market.

Cattle producers can also sell cattle directly to a dealer. While the Packers and Stockyards Act requires dealers to post a bond, experience shows those bonds are inadequate in the event of a default and only return 15 cents on the dollar to the cattle producer. In addition, the payment process is less timely than cattle sold at market, and is often in the form of physical checks sent through a postal service, leaving much room for error and a prolonged detection of payment evasion. Unfortunately, dealer defaults are more common than one might think. Each time a dealer defaults, cattle producers are left holding the bag, and in some cases the financial losses can put them out of business.

NCBA supports efforts to amend the Packers and Stockyards Act to better protect livestock markets and producers from dealer defaults by implementing a Dealer Statutory Trust modeled after the existing Packer Statutory Trust. These efforts will provide unpaid cash sellers priority in accounts receivable prior to creditors and will ensure the producers and markets who have fallen victim to a defaulting dealer are paid first.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Colin Woodall", written over a white background.

Colin Woodall
Senior Vice President of Government Affairs

